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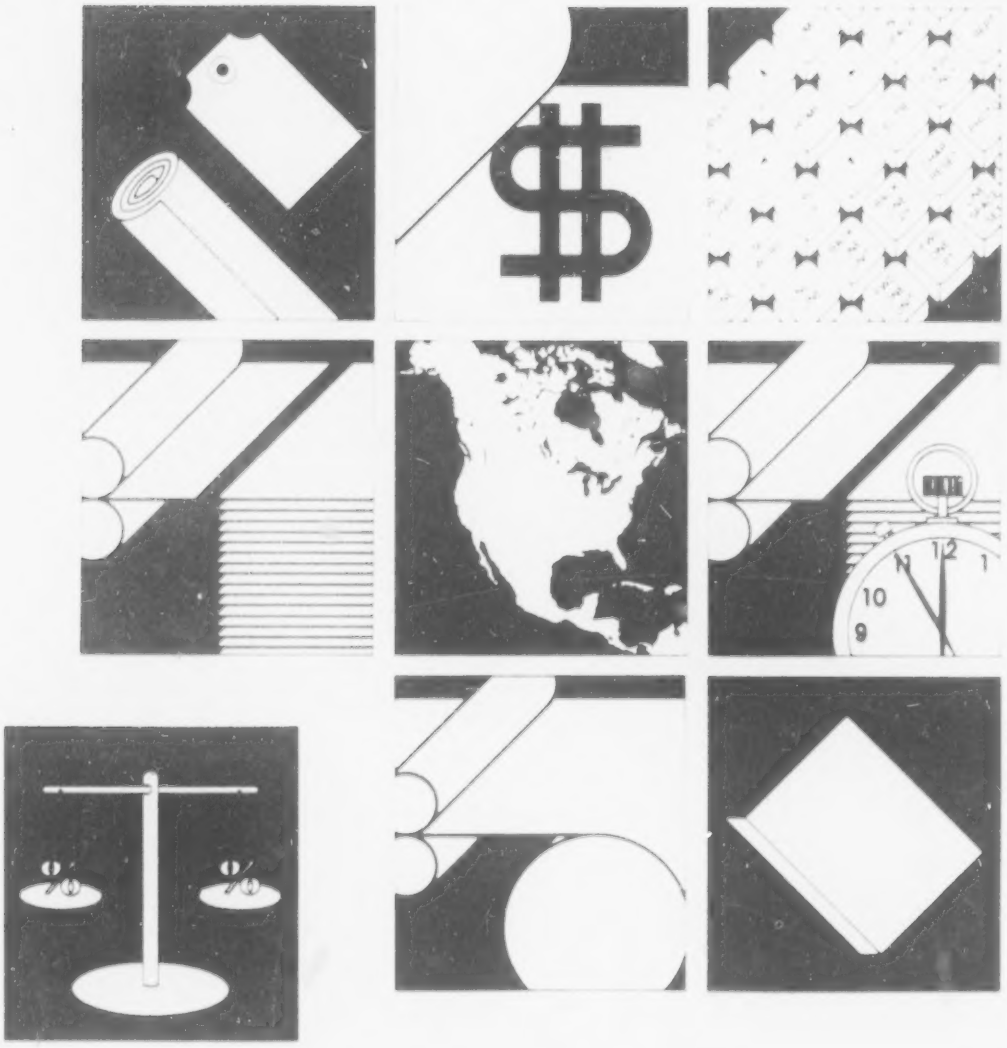
1987 Financial Ratio Study



Volume XIII

Binders' Ratios

Volume XIII: Binders' Ratios

An Annual Financial Survey Conducted By:
Printing Industries of America, Inc.
PIA Member Programs Services
1730 North Lynn Street
Arlington, VA 22209

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PRINTING INDUSTRIES OF AMERICA, INC.

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1987 is the 64th year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addreses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

H. R. MARGOLIS COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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NEW YORK

Dear Member of the Graphic Arts Community:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 933 graphic arts firms of various types took part in the 1987 study. This particular volume is the result of financial information contributed by 19 Binders across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by sales volume - for example, sales to $500,000, sales from $500,000 to $1,500,000, etc., and by product specialty for example, Pamphlet, Edition Books, etc. Readers can compare their firm's operations with other firms having the same sales volume or product specialty in four areas: Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts and Return on Investment.

The importance of sharing this type of information among the members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H. R. Margolis Company

H. R. MARGOLIS COMPANY

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REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	2.22	0.00	0.00
Chargeable materials	7.97	5.61	2.94
Outside services	2.38	3.14	1.94
TOTAL MATERIALS	12.57	8.75	4.88
FACTORY PAYROLL	45.62	41.44	49.01
FACTORY EXPENSES	19.45	20.11	22.25
TOTAL FACTORY COST OF PRODUCT	77.64	70.30	76.14
GROSS PROFIT	22.36	29.70	23.86
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	12.20	13.96	11.74
Selling expenses	4.46	3.54	3.47
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	16.66	17.50	15.21
INCOME BEFORE INTEREST EXPENSE	5.70	12.20	8.65
Interest expense	2.12	2.21	1.63
OPERATING INCOME	3.58	9.99	7.02
Other income	0.51	0.18	2.67
INCOME BEFORE INCOME TAXES	4.09	10.17	9.69

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%
1.42	0.00	0.00	3.32
3.06	6.10	6.09	11.01
1.96	3.60	5.00	2.13
6.44	9.70	11.09	16.46
46.37	38.92	48.55	44.21
20.64	20.61	16.77	18.99
73.45	69.23	76.41	79.66
26.55	30.77	23.59	20.34
12.72	17.24	12.85	11.97
3.83	1.43	5.02	4.77
16.55	18.67	17.87	16.74
10.00	12.10	5.72	3.60
3.35	1.70	3.04	1.60
6.65	10.40	2.68	2.00
0.35	0.09	0.81	0.11
7.00	10.49	3.49	2.11

CHAPTER 1 - BY SIZE OF FIRM

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.78%	3.93%	3.92%
Direct wages	32.97	31.33	38.72
General factory salaries and wages	1.48	1.20	0.53
Packing, shipping and delivery wages	1.50	0.60	0.77
Payroll taxes	3.22	2.91	3.16
Employee benefits	3.67	1.47	1.91
TOTAL FACTORY PAYROLL	45.62	41.44	49.01
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.34	0.00	0.00
Depreciation - other	3.72	3.82	3.47
Taxes - real estate	0.33	0.05	0.00
Taxes - other	0.20	0.31	0.43
Insurance	1.11	1.37	1.57
Building rent	2.67	3.09	4.48
Utilities - heat, light, etc.	1.87	1.21	2.54
Equipment rental	1.19	2.18	0.00
Total Fixed Expenses	11.43	12.03	12.49
Other Expenses			
Factory supplies and expense	2.42	3.45	3.76
Packing, shipping and delivery expense	2.20	1.42	2.06
Repairs and maintenance	2.50	1.98	3.45
Other factory expenses	0.90	1.23	0.49
Total Other Expenses	8.02	8.08	9.76
TOTAL FACTORY EXPENSES	19.45	20.11	22.25
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.95	5.31	2.53
Salaries - office	3.26	3.04	4.82
Payroll taxes	0.59	0.52	0.82
Employee benefits	0.77	0.52	0.61
Bad debts	0.55	0.55	0.00
Office supplies and expenses	0.44	0.56	0.44
Professional fees	0.67	0.70	0.62
Taxes - business	0.17	0.15	0.02
Telephone	0.48	0.32	0.56
Other administrative expenses	1.32	2.29	1.32
TOTAL ADMINISTRATIVE EXPENSES	12.20	13.96	11.74
SELLING EXPENSES			
Salaries - executive	0.98	1.37	2.09
Salaries and commissions - salesmen	1.47	0.44	0.00
Salaries - sales office clerical	0.28	0.00	0.00
Payroll taxes	0.17	0.27	0.52
Employee benefits	0.24	0.10	0.19
Advertising	0.32	0.20	0.25
Travel and entertainment	0.76	0.89	0.40
Other selling expenses	0.24	0.27	0.02
TOTAL SELLING EXPENSES	4.46	3.54	3.47

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
4.16%	5.82%	1.23%	2.35%
34.84	28.91	35.36	30.83
0.00	0.00	0.00	2.45
0.00	0.00	3.23	1.86
3.00	2.61	4.95	2.99
4.37	1.58	3.78	3.73
46.37	38.92	48.55	44.21
0.86	0.00	0.00	0.28
3.49	4.25	6.20	3.39
0.48	0.13	0.24	0.35
0.20	0.39	0.44	0.12
1.97	2.81	0.36	0.85
1.67	3.33	2.19	2.79
1.87	1.25	0.82	1.94
0.32	0.50	1.01	1.75
10.86	12.66	11.26	11.47
4.20	2.79	0.23	1.93
2.06	1.83	2.15	2.29
2.18	1.01	2.37	2.46
1.34	2.32	0.76	0.84
9.78	7.95	5.51	7.52
20.64	20.61	16.77	18.99
6.71	9.68	2.24	3.50
2.38	3.14	3.25	3.29
0.21	0.42	0.46	0.72
0.69	0.84	0.33	0.92
0.74	1.09	0.26	0.64
0.50	0.54	0.52	0.39
0.62	0.63	0.63	0.70
0.20	0.12	0.14	0.19
0.43	0.29	0.51	0.49
0.24	0.49	4.51	1.13
12.72	17.24	12.85	11.97
0.99	0.58	0.51	0.86
1.66	0.00	0.50	1.86
0.00	0.00	1.47	0.22
0.00	0.01	0.23	0.16
0.17	0.02	0.13	0.29
0.00	0.01	0.59	0.39
0.74	0.80	1.26	0.74
0.27	0.01	0.33	0.25
3.83	1.43	5.02	4.77

CHAPTER 1 - BY SIZE OF FIRM

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	6.62%	4.84%	0.95%
Receivables	29.53	23.21	12.50
Inventories	5.13	4.59	5.31
Other current assets	10.08	8.95	33.77
TOTAL CURRENT ASSETS	51.36	41.59	52.53
FIXED ASSETS			
Real estate	12.24	0.95	0.00
Less: Accumulated depreciation	2.63	0.00	0.00
	9.61	0.95	0.00
Machinery and equipment	78.71	82.12	124.06
Less: Accumulated depreciation	48.38	32.08	82.24
	30.33	50.04	41.82
Other fixed assets	8.37	7.30	7.66
Less: Accumulated depreciation	4.82	3.01	4.20
	3.55	4.29	3.46
NET FIXED ASSETS	43.49	55.28	45.28
OTHER ASSETS	5.15	3.13	2.19
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	12.23	10.00	1.85
Accounts payable	6.95	6.80	5.15
Other current liabilities	6.84	5.19	2.11
TOTAL CURRENT LIABILITIES	26.02	21.99	9.11
LONG-TERM LIABILITIES	26.23	31.94	39.76
TOTAL LIABILITIES	52.25	53.93	48.87
SHAREHOLDERS' AND PROPRIETORS' EQUITY	47.75	46.07	51.13
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.97	1.89	5.77
QUICK RATIO	1.78	1.68	5.18
TOTAL LIABILITIES TO EQUITY	1.09	1.17	0.96
LONG-TERM LIABILITIES TO EQUITY	0.55	0.69	0.78
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.61	0.39	0.66

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
6.49%	8.53%	10.48%	7.00%
22.57	18.39	27.61	35.51
2.82	4.25	0.00	6.87
9.62	17.34	3.17	7.20
41.50	48.51	41.26	56.58
25.09	2.38	0.00	12.03
4.27	0.00	0.00	3.00
20.82	2.38	0.00	9.03
57.18	76.17	87.91	76.61
28.18	34.93	38.62	51.35
29.00	41.24	49.29	25.26
6.05	9.92	12.59	8.58
1.83	2.05	8.02	5.44
4.22	7.87	4.57	3.14
54.04	51.49	53.86	37.43
4.46	0.00	4.88	5.99
100.00	100.00	100.00	100.00
7.89	3.46	17.12	14.82
4.08	2.75	14.12	7.01
5.30	1.72	8.32	7.99
17.27	7.93	39.56	29.82
26.80	23.10	33.76	22.20
44.07	31.03	73.32	52.02
55.93	68.97	26.68	47.98
100.00	100.00	100.00	100.00
2.40	6.12	1.04	1.90
2.24	5.58	1.04	1.67
0.79	0.45	2.75	1.08
0.48	0.33	1.27	0.46
0.49	0.46	0.44	0.67

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 23,475	$ 25,381	$ 20,139
Average assets per factory employee (Excluding Executives)	28,294	31,873	24,185
Average net worth per employee - All employees	11,054	12,131	10,961
Average gross plant investment per factory employee (Excluding Executives)	28,048	29,008	32,704
Net worth percentage of fixed assets	169.42%	123.54%	507.24%
EMPLOYEES			
Percent factory - All employees	87.12%	85.81%	86.70%
Percent administrative - All employees	9.99	12.40	10.99
Percent sales - All employees	2.89	1.79	2.31
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 41,799	$ 41,521	$ 28,945
Sales per factory employee	48,210	48,802	33,450
Sales less material per factory employee	41,313	44,165	31,540
Sales per administrative employee	470,365	350,061	275,468
EXCLUDING EXECUTIVES			
Sales per employee - All employees	45,145	46,905	31,249
Sales per factory employee	50,289	52,150	34,305
Sales less material per factory employee	43,068	47,205	32,813
SALES PER SALESMAN	1,246,722	1,059,735	0
SALES TO CURRENT ASSETS	407%	471%	433%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	57.34%	53.00%	60.59%
Factory payroll percentage of gross plant investment	90.44	77.32	56.88
Payroll per employee - All employees	$ 23,282	$ 21,892	$ 17,639
Payroll per factory employee	21,163	19,819	16,405
Payroll per administrative employee	36,412	31,653	22,255
Payroll per sales employee	43,092	37,912	14,731
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 17,704	$ 16,483	$ 14,028
Payroll per factory employee	17,210	16,548	13,846
Payroll per administrative employee	17,586	15,024	15,167
Payroll per sales employee	34,732	14,376	0
EXECUTIVE PAYROLL			
Payroll per executive - All executives	53,851	54,158	34,815
Payroll per factory executive	32,933	27,428	34,815
Payroll per administrative executive	84,679	58,091	23,820
Payroll per sales executive	21,468	29,456	10,995
RECEIVABLES			
Collection period	60.2	53.4	33.4
PROFIT			
Gross profit percentage of sales	22.36%	29.70%	23.86%
Average gross profit per factory employee	$ 11,613	$ 15,647	$ 8,011
Income before taxes percentage of sale	4.09%	10.17%	9.69%
Average income before taxes per employee	$ 1,861	$ 4,143	$ 2,639

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 32,148	$ 29,955	$ 21,295	$ 21,324
41,893	40,275	24,669	24,755
16,589	19,213	5,701	10,032
39,427	36,172	24,824	23,649
143.40%	202.79%	48.15%	139.51%
81.68%	81.98%	87.77%	89.07%
14.23	17.57	9.05	8.43
4.09	0.45	3.18	2.50
$ 47,228	$ 52,009	$ 41,246	$ 42,262
57,839	63,441	46,995	47,612
54,007	57,286	41,787	38,388
361,709	296,334	479,097	543,724
54,713	62,120	42,469	44,679
62,011	69,619	47,801	49,295
57,832	62,909	42,508	39,666
0	0	0	1,246,722
466%	443%	477%	368%
59.17%	53.61%	57.67%	56.03%
100.97	81.87	95.10	91.87
$ 27,606	$ 27,890	$ 23,799	$ 22,641
26,285	24,693	22,825	19,864
32,761	41,911	28,476	41,756
34,943	35,425	35,832	52,532
$ 20,764	$ 19,844	$ 18,568	$ 17,103
21,149	20,054	18,388	16,176
12,191	18,184	17,202	20,058
16,659	0	29,200	48,624
40,681	52,219	73,008	58,619
28,086	41,833	18,149	37,042
44,755	59,350	80,950	110,939
28,416	33,850	30,000	19,294
51.1	39.5	53.4	69.7
26.55%	30.77%	23.59%	20.34%
$ 16,871	$ 21,487	$ 11,139	$ 10,441
7.00%	10.49%	3.49%	2.11%
$ 3,495	$ 5,452	$ 1,397	$ 1,210

CHAPTER 1 - BY SIZE OF FIRM

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 3.51	$ 2.72	$ 0.52
Receivables	16.04	14.59	9.10
Inventories	2.62	2.82	3.42
Marketable securities	4.13	3.30	20.17
Other current assets	1.10	1.35	1.77
	27.40	24.78	34.98
Plant Investment:			
Land and building	8.52	0.46	0.00
Machinery and equipment	46.40	52.60	85.48
Other fixed assets	4.37	4.27	4.98
	59.29	57.33	90.46
Non-Current Assets	3.23	1.95	1.41
TOTAL INVESTMENT	89.92	84.06	126.85
INVESTMENT TURNOVER PER $100 OF SALES	111.21%	118.96%	78.83%
EARNINGS			
Cost of Product	$77.64	$70.30	$76.14
Selling Expenses	4.46	3.54	3.47
Administrative Expenses	12.20	13.96	11.74
	94.30	87.80	91.35
Income Before Interest, Other Income, and Taxes	5.70	12.20	8.65
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.34%	14.51%	6.82%

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 3.63	$ 4.45	$ 5.27	$ 3.69
13.44	10.83	14.29	18.56
1.33	2.05	0.00	3.42
4.12	8.25	0.00	1.97
0.69	0.16	1.67	1.03
23.21	25.74	21.23	28.67
19.26	1.15	0.00	7.71
41.36	44.67	45.21	41.34
3.38	5.82	6.49	4.23
64.00	51.64	51.70	53.28
4.02	0.00	2.54	3.41
91.23	77.38	75.47	85.36
109.61%	129.23%	132.50%	117.15%
$73.45	$69.23	$76.41	$79.66
3.83	1.43	5.02	4.77
12.72	17.24	12.85	11.97
90.00	87.90	94.28	96.40
10.00	12.10	5.72	3.60
10.96%	15.64%	7.58%	4.22%

REPORT ON OPERATIONS - SALES = 100%

	PAMPHLET		EDITION BOOKS	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	0.81	0.00	0.00	0.00
Chargeable materials	3.07	2.13	15.34	11.90
Outside services	3.10	7.27	1.10	0.58
TOTAL MATERIALS	6.98	9.40	16.44	12.48
FACTORY PAYROLL	52.71	41.35	39.78	37.82
FACTORY EXPENSES	20.49	16.37	18.86	22.67
TOTAL FACTORY COST OF PRODUCT	80.18	67.12	75.08	72.97
GROSS PROFIT	19.82	32.88	24.92	27.03
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	12.80	17.88	12.22	13.89
Selling expenses	3.99	2.62	3.72	2.80
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	16.79	20.50	15.94	16.69
INCOME BEFORE INTEREST EXPENSE	3.03	12.38	8.98	10.34
Interest expense	2.36	2.59	1.72	1.30
OPERATING INCOME	0.67	9.79	7.26	9.04
Other income (expense)	0.58	0.09	0.09	(0.13)
INCOME BEFORE INCOME TAXES	1.25	9.88	7.35	8.91

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
100.00%	100.00%	100.00%
12.17	0.00	0.00
14.63	2.93	6.26
0.00	1.94	5.08
26.80	4.87	11.34
34.11	49.02	46.11
16.48	22.25	18.92
77.39	76.14	76.37
22.61	23.86	23.63
10.68	11.74	12.60
4.81	3.47	6.85
15.49	15.21	19.45
7.12	8.65	4.18
3.58	1.63	0.96
3.54	7.02	3.22
0.18	2.67	(0.25)
3.72	9.69	2.97

SUPPORTING SCHEDULES - SALES = 100%

	PAMPHLET		EDITION BOOKS	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.52%	3.68%	4.06%	4.76%
Direct wages	38.30	32.23	26.25	25.62
General factory salaries and wages	0.75	0.00	2.99	3.01
Packing, shipping and delivery wages	2.32	0.98	0.93	0.27
Payroll taxes	4.44	3.38	2.94	2.40
Employee benefits	4.38	1.08	2.61	1.76
TOTAL FACTORY PAYROLL	52.71	41.35	39.78	37.82
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.60	0.00	0.00	0.00
Depreciation - other	4.13	4.62	2.67	2.72
Taxes - real estate	0.65	0.00	0.06	0.13
Taxes - other	0.17	0.16	0.31	0.61
Insurance	1.18	1.30	1.24	1.63
Building rent	1.35	1.43	4.38	4.26
Utilities - heat, light, etc.	2.10	0.69	1.86	1.49
Equipment rental	1.48	1.25	2.55	4.20
Total Fixed Expenses	11.66	9.45	13.07	15.09
Other Expenses				
Factory supplies and expense	1.92	1.66	2.33	3.50
Packing, shipping and delivery expense	3.38	2.56	0.81	0.61
Repairs and maintenance	2.59	1.50	1.65	1.78
Other factory expenses	0.94	1.20	1.00	1.69
Total Other Expenses	8.83	6.92	5.79	7.58
TOTAL FACTORY EXPENSES	20.49	16.37	18.86	22.67
ADMINISTRATIVE EXPENSES				
Salaries - executive	3.81	6.19	4.91	7.08
Salaries - office	3.17	2.90	3.13	3.11
Payroll taxes	0.64	0.67	0.37	0.23
Employee benefits	0.57	0.33	0.91	0.98
Bad debts	0.61	1.09	0.58	0.27
Office supplies and expenses	0.51	0.74	0.35	0.30
Professional fees	0.62	0.92	0.48	0.38
Taxes - business	0.11	0.13	0.14	0.24
Telephone	0.56	0.38	0.41	0.26
Other administrative expenses	2.20	4.53	0.94	1.04
TOTAL ADMINISTRATIVE EXPENSES	12.80	17.88	12.22	13.89
SELLING EXPENSES				
Salaries - executive	1.10	0.00	0.67	1.34
Salaries and commissions - salesmen	0.66	0.50	1.53	0.59
Salaries - sales office clerical	0.56	0.00	0.00	0.00
Payroll taxes	0.11	0.05	0.14	0.10
Employee benefits	0.06	0.02	0.05	0.05
Advertising	0.34	0.10	0.18	0.15
Travel and entertainment	0.92	1.62	0.77	0.24
Other selling expenses	0.24	0.33	0.38	0.33
TOTAL SELLING EXPENSES	3.99	2.62	3.72	2.80

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
1.21%	3.92%	2.49%
27.47	38.73	31.18
0.59	0.53	2.68
0.50	0.77	1.83
0.50	3.16	3.48
3.84	1.91	4.45
34.11	49.02	46.11
0.79	0.00	0.00
3.14	3.47	4.90
0.45	0.00	0.04
0.13	0.43	0.05
0.66	1.57	0.91
0.92	4.48	3.98
1.32	2.54	1.46
0.60	0.00	0.08
8.01	12.49	11.42
3.87	3.76	1.35
1.85	2.06	1.76
2.68	3.45	2.62
0.07	0.49	1.77
8.47	9.76	7.50
16.48	22.25	18.92
4.67	2.53	3.19
1.97	4.82	3.87
0.50	0.82	0.72
0.61	0.61	1.34
0.32	0.00	0.99
0.42	0.44	0.37
0.52	0.62	1.23
0.07	0.02	0.56
0.58	0.56	0.27
1.02	1.32	0.06
10.68	11.74	12.60
0.21	2.09	1.19
3.48	0.00	2.27
0.00	0.00	0.47
0.00	0.52	0.31
0.31	0.19	0.86
0.14	0.25	0.64
0.48	0.40	0.87
0.19	0.02	0.24
4.81	3.47	6.85

CHAPTER 2 - BY PRODUCT SPECIALTY

BALANCE SHEET

	PAMPHLET		EDITION BOOKS	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	5.80%	2.13%	6.36%	10.75%
Receivables	31.15	25.33	32.05	24.24
Inventories	1.81	0.00	11.74	11.49
Other current assets	2.16	2.84	10.48	17.71
TOTAL CURRENT ASSETS	40.92	30.30	60.63	64.19
FIXED ASSETS				
Real estate	20.28	0.00	1.19	2.38
Less: Accumulated depreciation	5.96	0.00	0.00	0.00
	14.32	0.00	1.19	2.38
Machinery and equipment	72.23	79.23	74.89	80.59
Less: Accumulated depreciation	36.33	18.06	48.41	56.78
	35.90	61.17	26.48	23.81
Other fixed assets	8.43	11.23	8.85	6.58
Less: Accumulated depreciation	5.10	5.98	2.84	1.50
	3.33	5.25	6.01	5.08
NET FIXED ASSETS	53.55	66.42	33.68	31.27
OTHER ASSETS	5.53	3.28	5.69	4.54
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	14.72	13.74	13.08	9.41
Accounts payable	7.09	10.90	6.42	1.73
Other current liabilities	6.26	5.67	6.21	6.34
TOTAL CURRENT LIABILITIES	28.07	30.31	25.71	17.48
LONG-TERM LIABILITIES	25.90	30.79	14.35	9.30
TOTAL LIABILITIES	53.97	61.10	40.06	26.78
SHAREHOLDERS' AND PROPRIETORS' EQUITY	46.03	38.90	59.94	73.22
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.46	1.00	2.36	3.67
QUICK RATIO	1.39	1.00	1.90	3.01
TOTAL LIABILITIES TO EQUITY	1.17	1.57	0.67	0.37
LONG-TERM LIABILITIES TO EQUITY	0.56	0.79	0.24	0.13
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.50	0.23	0.65	0.70

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
7.73%	0.95%	11.58%
22.68	12.50	40.57
4.83	5.31	4.24
19.53	33.77	2.80
54.77	52.53	59.19
24.86	0.00	3.76
1.88	0.00	0.88
22.98	0.00	2.88
58.74	124.06	88.62
43.24	82.24	59.04
15.50	41.82	29.58
5.84	7.66	10.61
3.84	4.20	8.20
2.00	3.46	2.41
40.48	45.28	34.87
4.75	2.19	5.94
100.00	100.00	100.00
3.38	1.85	21.08
9.79	5.15	5.68
11.15	2.11	7.88
24.32	9.11	34.64
30.54	39.76	29.50
54.86	48.87	64.14
45.14	51.13	35.86
100.00	100.00	100.00
2.25	5.77	1.71
2.05	5.18	1.59
1.22	0.96	1.79
0.68	0.78	0.82
0.74	0.66	0.67

SIGNIFICANT FACTS

	PAMPHLET		EDITION BOOKS	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 22,034	$ 28,119	$ 23,159	$ 26,002
Average assets per factory employee (Excluding Executives)	26,639	36,150	27,993	32,504
Average net worth per employee - All employees	9,749	10,947	14,103	18,812
Average gross plant investment per factory employee (Excluding Executives)	26,658	33,303	23,992	29,089
Net worth percentage of fixed assets	93.97%	59.54%	190.97%	245.54%
EMPLOYEES				
Percent factory - All employees	87.17%	84.75%	88.39%	85.94%
Percent administrative - All employees	11.03	14.57	10.21	12.59
Percent sales - All employees	1.80	0.68	1.40	1.47
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 37,296	$ 46,131	$ 46,917	$ 45,528
Sales per factory employee	43,120	54,736	53,296	53,423
Sales less material per factory employee	39,909	49,783	44,445	46,782
Sales per administrative employee	357,131	326,847	508,526	390,458
EXCLUDING EXECUTIVES				
Sales per employee - All employees	40,573	52,180	51,463	51,928
Sales per factory employee	45,183	58,702	56,572	57,324
Sales less material per factory employee	41,824	53,463	47,195	50,198
SALES PER SALESMAN	1,100,000	0	1,733,328	1,059,735
SALES TO CURRENT ASSETS	447%	563%	346%	273%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	63.40%	52.00%	51.48%	51.29%
Factory payroll percentage of gross plant investment	99.37	79.84	101.58	78.86
Payroll per employee - All employees	$ 22,955	$ 23,734	$ 24,421	$ 23,901
Payroll per factory employee	21,860	22,091	21,454	20,695
Payroll per administrative employee	28,089	32,010	42,443	40,823
Payroll per sales employee	34,970	16,617	82,355	63,432
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 17,487	$ 17,991	$ 18,118	$ 17,357
Payroll per factory employee	17,509	18,385	17,302	17,046
Payroll per administrative employee	15,097	13,923	20,148	18,638
Payroll per sales employee	34,676	14,716	57,444	22,474
EXECUTIVE PAYROLL				
Payroll per executive - All executives	51,098	74,150	53,123	50,251
Payroll per factory executive	28,679	21,000	37,781	36,575
Payroll per administrative executive	53,165	76,400	127,433	68,829
Payroll per sales executive	23,752	0	31,322	62 644
RECEIVABLES				
Collection period	66.9	54.5	59.7	55.3
PROFIT				
Gross profit percentage of sales	19.82%	32.88%	24.92%	27.03%
Average gross profit per factory employee	$ 9,912	$ 19,507	$ 14,040	$ 15,492
Income before taxes percentage of sales	1.25%	9.88%	7.35%	8.91%
Average income before taxes per employee	$ 944	$ 4,655	$ 3,404	$ 4,089

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
$ 33,035	$ 20,139	$ 19,921
40,842	24,185	22,747
13,636	10,961	7,514
38,594	32,704	23,048
163.07%	507.24%	97.87%
83.50%	86.70%	89.22%
8.59	10.99	8.00
7.91	2.31	2.78
$ 52,018	$ 28,945	$ 43,833
62,117	33,450	49,237
44,696	31,540	43,547
680,993	275,468	602,999
55,491	31,249	46,308
64,038	34,805	50,401
45,803	32,813	44,570
144,706	0	1,182,366
393%	433%	388%
45.86%	60.59%	60.35%
66.10	56.88	101.49
$ 23,304	$ 17,639	$ 26,263
20,827	16,405	22,658
44,312	22,255	49,325
26,341	14,731	45,349
$ 18,342	$ 14,028	$ 19,473
17,755	13,846	18,089
13,383	15,167	25,794
23,580	0	38,886
68,354	34,815	59,435
18,813	34,815	49,262
142,550	23,820	83,907
13,559	10,995	17,888
49.7	33.4	73.7
22.61%	23.86%	23.63%
$ 14,160	$ 8,011	$ 12,197
3.72%	9.69%	2.97%
$ 1,824	$ 2,639	$ 1,460

RETURN ON INVESTMENT - PER $100 OF SALES

	PAMPHLET		EDITION BOOKS	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 2.97	$ 1.38	$ 3.41	$ 6.01
Receivables	17.93	14.92	15.91	15.09
Inventories	1.01	0.00	6.03	7.04
Marketable securities	0.02	0.00	4.12	8.25
Other current assets	1.14	1.55	0.90	0.42
	23.07	17.85	30.37	36.81
Plant Investment:				
Land and building	12.71	0.00	0.57	1.15
Machinery and equipment	44.23	47.98	38.81	48.57
Other fixed assets	5.01	6.73	4.10	3.62
	61.95	54.71	43.48	53.34
Non-Current Assets	3.16	1.74	3.04	3.13
TOTAL INVESTMENT	88.18	74.30	76.89	93.28
INVESTMENT TURNOVER PER $100 OF SALES	113.40%	134.59%	130.06%	107.20%
EARNINGS				
Cost of Product	$80.18	$67.12	$75.08	$72.97
Selling Expenses	3.99	2.62	3.72	2.30
Administrative Expenses	12.80	17.88	12.22	13.89
	96.97	87.62	91.02	89.66
Income Before Interest, Other Income (Expense), and Taxes	3.03	12.38	8.98	10.34
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	3.44%	16.66%	11.68%	11.08%

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
$ 4.17	$ 0.52	$ 6.22
12.85	9.10	19.62
2.21	3.42	1.70
7.19	20.17	0.00
0.73	1.77	1.21
27.15	34.98	28.75
22.14	0.00	1.40
39.12	85.48	42.82
2.38	4.98	4.81
63.64	90.46	49.03
4.81	1.41	3.30
95.60	126.85	81.08
104.60%	78.83%	123.33%
$77.39	$76.14	$76.37
4.81	3.47	6.85
10.68	11.74	12.60
92.88	91.35	95.82
7.12	8.65	4.18
7.45%	6.82%	5.16%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME (LOSS)
TOTAL - ALL FIRMS	19	$1,890,000	$3,566,000	$108,000
TOTAL - PROFIT LEADERS*	5	1,018,000	1,641,000	145,000
BY SIZE OF FIRM				
ALL FIRMS				
$0-$500,000	2	273,000	393,000	35,000
$500,000-$1,500,000	4	612,000	859,000	50,000
$1,500,000-$3,000,000	2	1,523,000	2,948,000	103,000
Over $3,000,000	11	2,716,000	5,240,000	144,000
PROFIT LEADERS				
$500,000-$1,500,000	2	332,000	577,000	60,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Pamphlet	7	1,856,000	3,131,000	(6,000)
Edition Books	4	2,537,000	5,368,000	322,000
Looseleaf	3	1,846,000	3,608,000	95,000
No Predominant Specialty	2	273,000	393,000	35,000
Other	3	2,231,000	4,254,000	152,000
PROFIT LEADERS				
Pamphlet	2	974,000	1,758,000	154,000
Edition Books	2	1,448,000	2,187,000	187,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of its size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.